
Opportunities in Forage Production

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Introduction

Forage production has always been synonymous to livestock production. However, the actual costs and returns of forage production has been a mystery to many livestock producers. Those who buy a good portion of their feed have a strong understanding of forage supply and demand.

Most forage is grown for on-farm use, and the cost of production is unknown, therefore most forage acres are placed on poor land. However, many dairy producers will tell you the best land produces the best forage. Program money has supported the belief that only poor land should be put back into forage and has targeted these areas for program payments. However, all crops including forages, benefit from better land.

What are the opportunities?

1. Feeding industry.

Farm to farm sales are usually quite soft and unreliable. Often the buyer and seller are in the same geographic location and have similar production levels. Thus excess inventory is sold at any price, often below cost of production. Farm to farm sales can be lucrative when hay is in short supply, however transportation can be an issue.

Feedlot sales are quite stable because many feedlots need a consistent supply of forage, whether it is silage or dry hay. Often pricing will be based on long-term averages. This means the price will be low half the time and high the other half of the time. It can be frustrating when you're selling high quality hay at \$65.00/ton during the fourth year of a drought.

There are more inquiries concerning custom grazing and pasture rental agreements. Many producers are moving towards less mechanization and are placing the livestock with the feed, rather than taking the feed to the animal. We're also seeing older alfalfa stands being grazed rather than being worked up and reseeded. The weight gains on pure alfalfa are now recognized and more and more producers are taking advantage of those gains.

2. Seed production.

Seed production in Saskatchewan seems to be stable. Forage seed production is a very tight market and increased production leads to a price decrease. Generally, the forage seed industry is limited on the demand side. Some groups are collecting wild forage seed or native seed.

Essentially, people collect seed from existing plants on the native prairie. This may or may not be profitable, depending on the quality of the seed and species being collected.

3. Service Industry

The livestock and forage industry, especially primary cow/calf producers are becoming less dependant on mechanization. Often the forage value doesn't warrant the cost of the equipment to harvest it. This may create an opportunity for custom operators.

4. Soil Amendments

The last time I checked, 46-0-0 was going for about \$460/tonne or \$0.46/lb actual N. Perennial legumes can replace much of the N requirements of cereal crops. Alfalfa and sweet clover can contribute between 40 and 70 lbs of N per ton of forage.

Forage crops also contribute a large amount of soil carbon through their root system, because perennials have a significant proportion of their biomass as roots.

5. Future

As energy prices increase, low quality forages can be used as bio-fuels in the form of pellets. We often hear of switchgrass in the US as a fuel source. In most of Saskatchewan, switchgrass is not viable because of different growing conditions. There are many other types of forage which produce a decent amount of biomass.

New technologies are emerging which can convert stem and leaf tissue into ethanol. Iogen is using a "Modified Steam Explosion" to shatter the lignins in stems and leaves to allow enzymes access to break down the cellulose. I understand they may be looking at both forages and straw as a fibre source.

In the US, there is some interest in shaking the leaves off of alfalfa plants for pelleting, while saving the stems for ethanol production.

A relatively new chain of specialty juice bars are selling something called "Wheatgrass Juice". The staff at the juice bar couldn't tell me what kind of wheatgrass they were using.

6. Management

The largest opportunity in forage production is proper management. Forage crops tend to be an input to another enterprise and are often overlooked as a crop. It's important to recognize that forages have requirements and those requirements must be met.